

Toyo Tire ha pubblicato il nuovo "Integrated Report 2024", documento che fornisce annualmente informazioni finanziarie, di sostenibilità, dei processi di creazione del valore che l'azienda ha attuato nel corso dell'anno 2023. Per quanto concerne la parte finanziaria del rapporto rimandiamo ai dati della **trimestrale** che evidenziano ottimi risultati e che hanno portato l'azienda a rivedere al rialzo le previsioni finanziarie per il 2024.

La compagnia ha analizzato anche diversi aspetti del suo business, dalla sostenibilità ambientale ed aziendale ai processi di creazione di valore nei processi industriali. Non sono mancati riferimenti alle strategie future a medio e lungo termine per i mercati USA, Europa e Giappone.

*"L'anno scorso, quando abbiamo pubblicato il nostro primo rapporto integrato, ho spiegato che consideriamo il rapporto come uno strumento importante per i lettori per confermare il nostro potenziale come azienda. Nel compilare questo rapporto, abbiamo preparato risposte su ogni pagina alla domanda fondamentale, "chi siamo?". Nel documento si possono trovare informazioni sui nostri ideali, la nostra storia, le strategie di gestione a medio e lungo termine, la situazione finanziaria, la politica del capitale, le iniziative di sostenibilità legate alle questioni materiali che abbiamo identificato e la nostra struttura di governance."* - ha dichiarato il Presidente di Toyo Tire, **Takashi Shimizu**.

<b>Material design technology (Nano Balance Technology)</b>	We strive to develop the ideal rubber material by predicting, creating functions, precisely controlling, and observing and discovering the properties of the various materials used in tire rubber at the nano-level (1 nano = one billionth of a meter).
<b>Simulation technology (T-MODE)</b>	We incorporate design support technology that uses AI into our tire and driving simulations to simulate aerodynamics and snow traction and accurately analyze tire patterns behavior in detail.
<b>Design support technology (T-MODE)</b>	We centrally manage various data as common assets, and add value by correlating data, and we use machine learning to enable the acquisition of tire characteristic values in real time.



- Japan-R&D**
  - All R&D functions
  - Development of high-performance technologies (research, development, evaluation, utilization of big data and AI)
 Responsible for all R&D functions and updates various platform technologies.
- NA-R&D**
  - Marketing
  - Development of customer-oriented products
 Cooperates with the marketing department in North America, our core market, to develop customer-oriented products that respond to preferences.
- Europe-R&D**
  - Advanced materials / next-generation mobility survey
  - Development of high-performance technologies
 Focuses on surveys and research for the utilization of cutting-edge materials to facilitate the development of next-generation mobility technologies such as EVs.

## Financial Strategy

### Medium-Term '21 Plan: Financial policies and targets

In the medium-term business plan, the Medium-Term '21 Plan, announced in 2021, Toyo Tire Corporation set out its future vision for three management platforms (digital and IT infrastructure, sustainability management, and organizational and human resource infrastructure) designed to create value through the solution of social issues and ultimately generate sustainable corporate growth. Right now, we are steadily progressing each management platform and earnestly working to strengthen the financial base that underpins these platforms.

We intend to pursue stable management, even when faced with an uncertain and rapidly changing economic environment by promoting measures designed to: improve capital efficiency by scrutinizing our business assets; achieve cash flow-focused management by strengthening our power to create cash and accelerating cash cycles; and ensure financial soundness, and build a robust financial base that will contribute to improving our corporate value through KPI management.

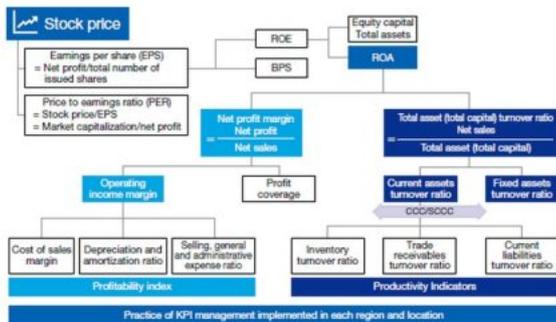
In terms of concrete targets, we have set targets in the Medium-Term '21 Plan for a consolidated operating income margin of 14% or more and consolidated operating income of 60 billion yen in fiscal 2025. We have also set a minimum 55% sales

composition ratio for priority products, which is vital for achieving the aforementioned targets. We are promoting initiatives to maximize our strengths in order to increase profitability. In fiscal 2023, we achieved consolidated operating income of 76.9 billion yen, ahead of the target of the Medium-Term '21 Plan, and our consolidated operating income margin was 13.9%.

As a manufacturing company that utilizes machinery, equipment, and other assets to increase earnings, we are focused on improving our return on assets (ROA). Furthermore, we set a minimum target for return on equity (ROE) of 12% during the medium-term plan because we are moving into a new corporate stage, and clarified our policy for improving capital efficiency as well as profitability. Each month we review our ROE, together with our consolidated operating income and consolidated operating income margin, and hold internal discussions on ways to achieve our targets. The ROE for fiscal 2023 was 20.2%.

We are determined to improve our own unique corporate value, which focuses on enhancing quality, by continuously pursuing these financial policies and targets.

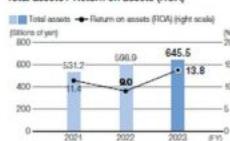
### Building a strictly-disciplined, robust financial base for enhanced corporate value



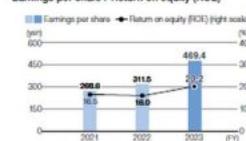
### Financial situation

	FY2021	FY2022	FY2023
Total assets	531,229	596,889	645,480
Equity capital	279,954	320,683	395,199
Cash and cash equivalents at end of the year	53,592	41,600	52,798
Interest-bearing debt at end of the year	128,784	135,436	102,714
Capital ratio (%)	52.7	53.5	61.2
Payout ratio (%)	28.3	25.7	21.3
Return on equity (ROE) (%)	16.5	16.0	20.2

### Total assets / Return on assets (ROA)



### Earnings per share / Return on equity (ROE)



### Investment and financial strategies

We have established a policy regarding the allocation of capital with due consideration of shareholder returns, and formulated the capital investment plans based on the tandem pursuit of profitability and potential growth. When considering capital investments, we calculate the internal rate of return (IRR) based on future cash flows and compare it to the most recent weighted average cost of capital (WACC). As a general rule, management decisions to invest are made only for projects for which the IRR exceeds the WACC.

We plan to make capital investments of 194.0 billion yen over the five years of the Medium-Term '21 Plan. We intend to use operating cash flow generated during the period, along with additional procured funds if necessary, to cover the total amount of capital investment and shareholder returns.

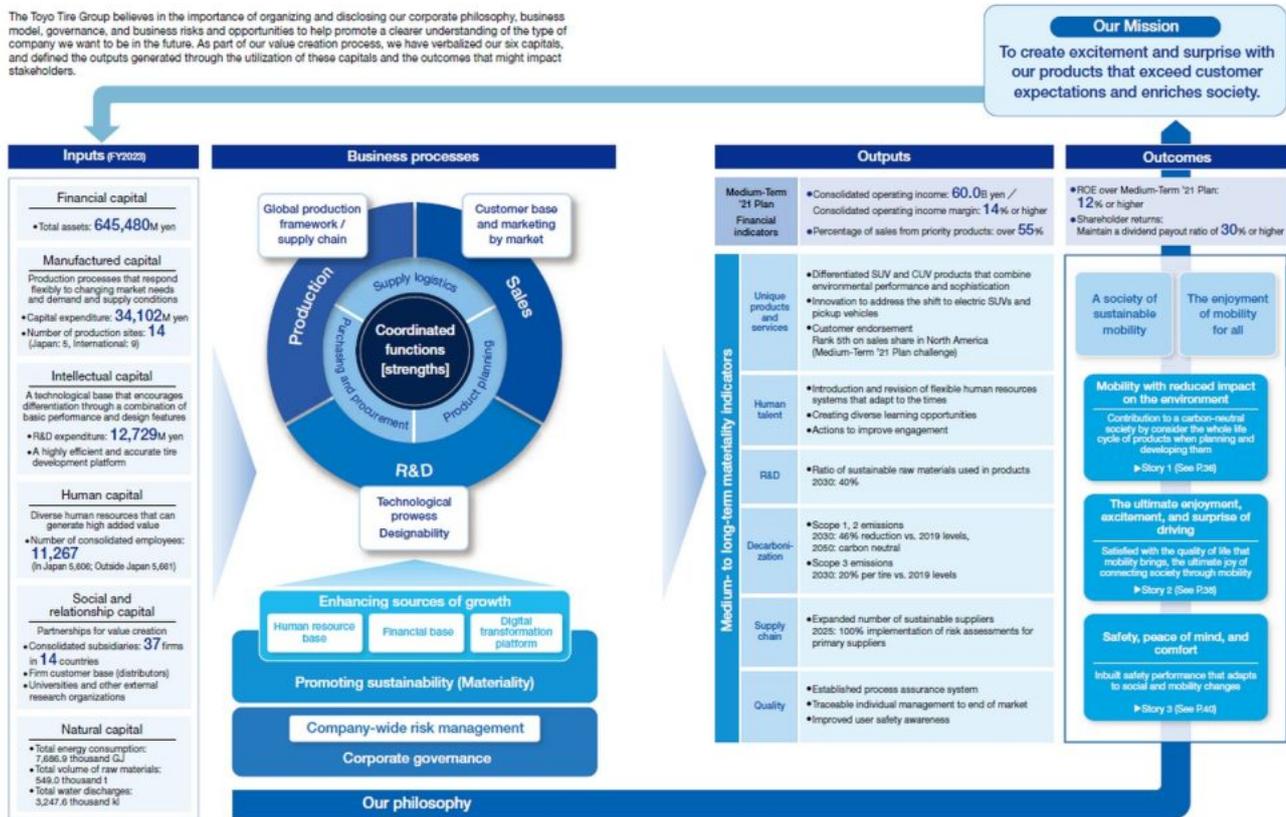
Operating cash flow for fiscal 2023 increased by 86.5 billion yen due to the accumulation of profit and improvements in working capital while capital investments amounted to 34.1 billion yen, including growth investments such as digital-related investment and investment in a new plant in Serbia. Dividend payments during the fiscal year amounted to 10.8 billion yen, which were covered within the operating cash flow. In fiscal 2024,

we expect to invest a total of 45.3 billion yen, which includes, in addition to digital-related investments, new capital investments at our U.S. plant and in R&D at our Serbia Factory. We will continue to invest within the scope of our operating cash flow, and remain disciplined to ensure that our free cash flow is stable and in a surplus.

In addition to the capital ratio and financial leverage, we will make quarterly fixed-point observations on the turnover ratio of trade receivables, inventory, trade payables, and others, to properly manage the balance sheet and cash flow. While maintaining strict financial discipline in that manner, we will consider investing in strengthening our supply framework for large-diameter light truck tires as they harbor strong growth potential given that light trucks and SUVs, areas in which we excel, form the bulk of sales in the U.S. market, as well as in developing highly unique products that leverage our strengths. Through these strategies, we will maintain and improve our current profitability, promote capital optimization, and return profits to shareholders by increasing dividends in an effort to meet capital market expectations.

**Value Creation Process**

The Toyo Tire Group believes in the importance of organizing and disclosing our corporate philosophy, business model, governance, and business risks and opportunities to help promote a clearer understanding of the type of company we want to be in the future. As part of our value creation process, we have verbalized our six capitals, and defined the outputs generated through the utilization of these capitals and the outcomes that might impact stakeholders.



## Medium-Term '21 Plan Progress

This section explains the progress made on our five-year medium-term business plan that we call Medium-Term '21 Plan. To help address the dramatic changes in our external environment, we are pursuing the plan's goals by coordinating R&D, production, sales and other functions on a global scale and demonstrating an ability to adapt swiftly and flexibly to change.

### Basic policy

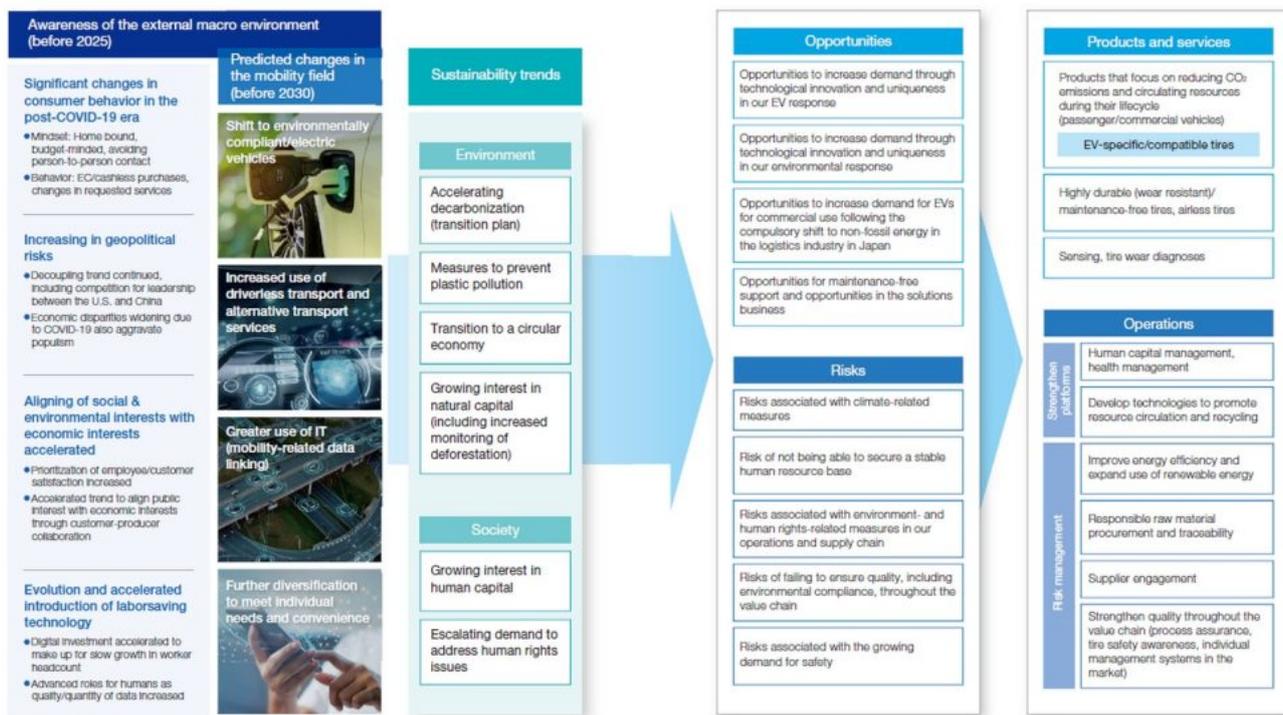


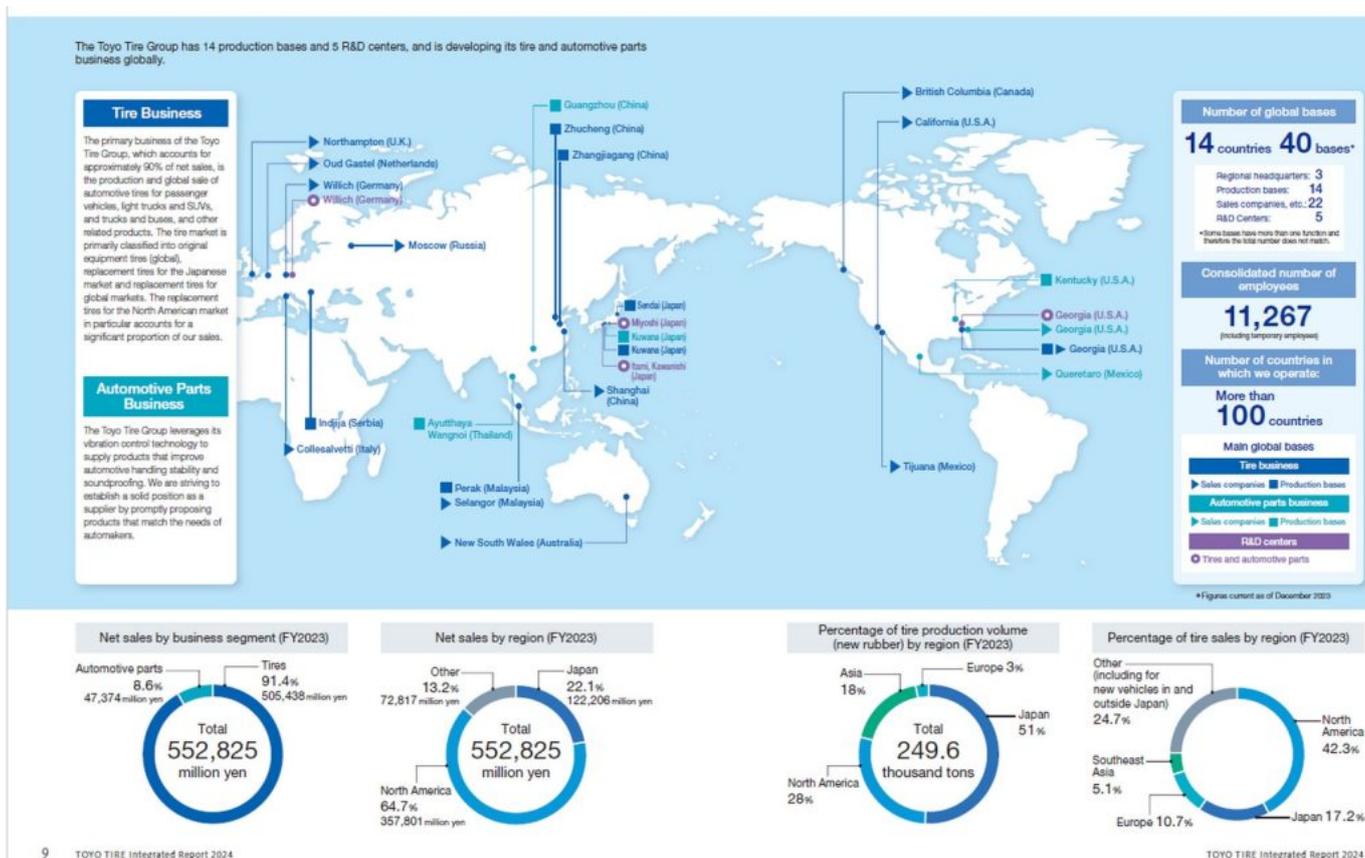
### Progress on R&D, production and sales strategies

<p><b>R&amp;D</b></p> <p>Strengthen our proprietary technology by joining up the R&amp;D of Japan, the U.S. and Europe to develop highly preferable and differentiated products that meet environmental and other next-generation mobility needs</p>	<ul style="list-style-type: none"> <li>Launched the industry's first light truck tire for EV. Looking to reduce rolling resistance and improve cruising distances by conducting our own unique aerodynamic simulations while maintaining the wear resistance and durability required to support the high torque and increased vehicle weight of EVs</li> <li>Developed a concept tire made from 90% sustainable materials</li> <li>Started joint research on sustainable materials with the University of Novi Sad in Serbia</li> </ul>
<p><b>Production</b></p> <p>Build a stable supply base for the North American market and make the Serbia Factory highly cost competitive</p>	<ul style="list-style-type: none"> <li>Installed final equipment in the Serbia Factory in December 2023. Actively developing the systems and training to support full production</li> <li>At our U.S. plant, we are gradually shifting production of low-inch tires to other bases and upgrading facilities so we can increase production capacity of large-diameter light truck tires</li> <li>As part of our effort to streamline production of automotive parts, we stopped production at our auto parts plant in the U.S. and transferred production primarily to Japan</li> </ul>
<p><b>Sales</b></p> <p>Enhancing our approach to strategic models by launching original products inspired by tailored strategies in North America, Europe, Japan, and other Asia, and encouraging close cooperation between our tire and automotive parts businesses</p>	<ul style="list-style-type: none"> <li>Working to consistently strengthen our relationships with local dealers in the North American market to gather more data on user needs, and leverage our dealer network to promote sales of high value-added products</li> <li>Continue to introduce sophisticated products primarily in the light truck tire segment</li> <li>Focusing on direct digital marketing through social media, while also improving our presence and building a quality brand image by participating in motorsports activities and signing sponsorship agreements with professional sports teams</li> </ul>

### External Environment and Risks & Opportunities

We are aware of the risks and opportunities posed by the external macro environment in which the Medium-Term '21 Plan was formulated and is being implemented, as well as the changes in the mobility field that are expected to occur by around 2030. We will work to create value along the entire value chain through our operations, products and services based on this awareness.





## Ambiente esterno: rischi e opportunità per Toyo Tires

Toyo è consapevole dei rischi e delle opportunità posti dall'ambiente macro esterno in cui è stato formulato e viene implementato il Piano a medio termine '21, nonché dei cambiamenti nel campo della mobilità che si prevede si verificheranno entro il 2030. L'azienda lavorerà per creare valore lungo l'intera catena produttiva attraverso le nostre operazioni, prodotti e servizi sulla base di questa consapevolezza.

### Opportunità:

- Opportunità di aumentare la domanda tramite innovazione tecnologica e unicità nella nostra risposta EV
- Opportunità di aumentare la domanda tramite innovazione tecnologica e unicità nella nostra risposta ambientale
- Opportunità nel business delle soluzioni
- Prodotti e servizi
- Pneumatici specifici/compatibili con EV

- Sviluppo di prodotti incentrato sul ciclo di vita
- Pneumatici altamente durevoli/senza manutenzione, pneumatici airless

## **Rischi**

- Rischi associati a misure legate al clima
  - Rischio di non essere in grado di garantire una base stabile di risorse umane
  - Rischi associati a misure per sostenere i diritti umani nelle nostre operazioni e nella catena di fornitura
  - Rischi di non garantire la qualità, inclusa la conformità ambientale, lungo tutta la catena del valore
- Rischi associati alla crescente domanda di sicurezza

## **Operazioni da attuare**

- Migliorare l'efficienza energetica ed espandere l'uso di energia rinnovabile
- Promuovere la circolazione e il riciclaggio delle risorse
- Garanzia di qualità ed efficienza dei processi
- Consapevolezza della sicurezza degli pneumatici
- Gestione del capitale umano
- Rafforzare l'impegno con i fornitori
- Approvvigionamento responsabile delle materie prime e tracciabilità
- Sistemi di gestione individuali nel mercato

**[Scarica qui il documento PDF del Rapporto Integrato di Toyo Tires](#)**

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